



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
SIMPSON COUNTY SHERIFF**

Calendar Year 1999

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
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Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Jim Henderson, Simpson County Judge/Executive

Honorable Joe Palma, Simpson County Sheriff

Members of the Simpson County Fiscal Court

The enclosed report prepared by Kathryn A. Shackleford, Certified Public Accountant, presents the statement of receipts, disbursements, and excess fees of the Sheriff of Simpson County, Kentucky, as of December 31, 1999.

We engaged Kathryn A. Shackleford, CPA, to perform the financial audit of this statement. We worked closely with the firm during our report review process; Kathryn A. Shackleford, CPA evaluated the Simpson County Sheriff's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Enclosure

**Kathryn A. Shackleford
Certified Public Accountant
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**AUDIT REPORT
SIMPSON COUNTY SHERIFF**

Calendar Year 1999

**Member Kentucky Society of CPA's
American Institute of Certified Public Accountants**

EXECUTIVE SUMMARY

SIMPSON COUNTY JOE PALMA, SHERIFF CALENDAR YEAR 1999 FEE AUDIT

Audit Results:

The auditor has issued an unqualified opinion on the Simpson County Sheriff's financial statements for the period January 1, 1999 through December 31, 1999. An unqualified opinion is an opinion issued when the auditor, based on the audit work performed, believes the financial statements of the auditee are presented fairly in all material respects. There are no comments.

Fee Account Financial Position:

Adequate funds were available to pay all 1999 operating obligations.

Excess Fees:

The Sheriff paid \$5,773 of excess fees to the county for calendar year 1999.

Statement of Receipts, Disbursements, and Excess Fees:

The financial statements of the Simpson Sheriff for calendar year 1999 reflect receipts and disbursements of \$552,674 and \$546,901 respectively.

Report on Compliance and Internal Control:

There were no material noncompliances noted during the performance of the audit and the report does not reflect any reportable conditions with regards to the Sheriff's internal control structure.

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**Kathryn A. Shackelford
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Independent Auditor's Report

I have audited the accompanying statement of receipts, disbursements, and excess fees of the Sheriff of Simpson County Kentucky, for the year ended December 31, 1999. This financial statement is the responsibility of the Sheriff. My responsibility is to express an opinion on this financial statement based on my audit.

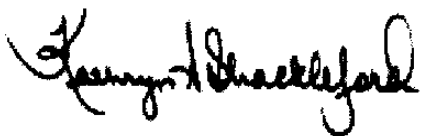
I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 1, the Sheriff is required to prepare the financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In my opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the Sheriff for the year ended December 31, 1999, in conformity with the basis of accounting described above.

To the People of Kentucky
Honorable Paul Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable Jim Henderson, County Judge/Executive
Honorable Joe Palma, Simpson County Sheriff
Members of the Simpson County Fiscal Court

In accordance with Government Auditing Standards, I have also issued a report dated September 18, 2000, on my consideration of the Sheriff's compliance with certain laws and regulations and internal control over financial reporting.

A handwritten signature in black ink, appearing to read "Kathryn A. Shackleford". The signature is fluid and cursive, with the first name "Kathryn" and last name "Shackleford" clearly distinguishable.

Kathryn A. Shackleford
Certified Public Accountant

Audit Fieldwork Completed -
September 18, 2000

SIMPSON COUNTY
JOE PALMA, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 1999

Receipts

State Grant - Kentucky Law Enforcement Foundation Program Fund (KLEFPF)	\$	17,231
State Fees For Services		24,317
Fiscal Court		53,730
Circuit Clerk-Fees Collected		17,553
County Clerk-Delinquent Taxes		592
Commissions On Taxes Collected		214,404
Fees Collected For Services:		
Auto Inspections and Accident Reports	\$	8,369
Carrying Concealed Deadly Weapon Permits		4,100
Subpoenas and Summons		19,568
Execution		3,457
Transportint and Reimbursement		10,105
		45,599
Other-		
Fuel Refunds	\$	642
Donation		1,000
Insurance Reimbursement		8,043
Miscellaneous		7,505
		17,190
Interest Earned		558
Borrowed Money		
Bank Notes	\$	51,500
State Advancement		110,000
		161,500
Gross Receipts Carried Forward	\$	552,674

SIMPSON COUNTY
 JOE PALMA, SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 1999
 (Continued)

Gross Receipts Brought Forward	\$	552,674
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Disbursements

Operating Disbursements and Capital Outlay:

Personnel Services-

Deputies Salaries	\$	225,113
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Employee Benefits-

Employer's Share Social Security		20,696
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Supplies and Materials-

Office Supplies		8,910
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Advertising		859
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Other Charges-

Dues		865
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Phones		4,768
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Carrying Concealed Dealy Weapon Permits		2,920
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Executions		4,906
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Miscellaneous		7,813
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Auto Expenses-

Mileage/Transport		6,647
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Maintenance and Repairs		9,380
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Insurance		2,327
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Fuels		11,996
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Capital Outlay-

Vehicle		19,026
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Debt Service:

Bank Notes		51,500
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Interest		1,410
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State Advancement		<u>110,000</u>
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Total Disbursements		<u>489,136</u>
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Net Receipts Carried Forward	\$	63,538
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SIMPSON COUNTY
JOE PALMA, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
Calendar Year 1999
(Continued)

Net Receipts Brought Forward	\$ 63,538
Less: Statutory Maximum	<u>57,765</u>
Excess Fees Due County for Calendar Year 1999	\$ 5,773
Payments to County Treasurer-September 18, 2000	<u>5,773</u>
Balance Due at Completion of Audit	<u><u>\$ 0</u></u>

The accompanying notes are an integral part of the financial statement.

SIMPSON COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 1999

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting pursuant to KRS 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employee Retirement System (CERS) pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement System. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent.

SIMPSON COUNTY
JOE PALMA, SHERIFF
NOTES TO THE FINANCIAL STATEMENTS
December 31, 1999
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintained deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 64.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. However, as of December 10, 1999, the uncollateralized amount on deposit was \$57,218. The Sheriff did not have a pledge of securities and FDIC insurance did not equal or exceed the amount on deposit.

Note 4. Kentucky Law Enforcement Foundation Program Fund (KLEFPF)

The Simpson County Sheriff's office was awarded a grant under the Kentucky Law Enforcement Foundation Program Fund from the Commonwealth of Kentucky Department of Criminal Justice Training. Under the program, an eligible officer is entitled to receive up to \$2,750 annually as provided in Kentucky Revised Statute 15.460. During Calendar Year 1999, Simpson County Sheriff's office received \$17,231. All funds received were expended for the intended purpose.

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REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

**Kathryn A. Shackelford
Certified Public Accountant
P.O. Box 605
Brandenburg, KY 40108**

Honorable Jim Henderson, County Judge/Executive
Honorable Joe Palma, Simpson County Sheriff
Members of the Simpson County Fiscal Court

**Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards**

I have audited the Simpson County Sheriff as of December 31, 1999, and have issued my report thereon dated September 18, 2000. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

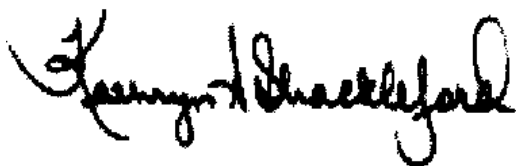
As part of obtaining reasonable assurance about whether the Simpson County Sheriff's financial statement as of December 31, 1999, is free of material misstatement, I performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Simpson County Sheriff's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statement and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Honorable Jim Henderson, County Judge/Executive
Honorable Joe Palma, Simpson County Sheriff
Members of the Simpson County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended for the information of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

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Kathryn A. Shackleford
Certified Public Accountant

Audit Fieldwork Completed -
September 18, 2000

